# R. J Reynolds

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✉ E Mail

September 22, 1997

TO: Anne Culip

RE: Military PV Levels

Anne,

The following information is pertinent to Military Discounting in the Buffalo Region.

Due to approximately 40-50% of our Region Military business being shipped in from other Regions, the method you are using to measure execution is skewed. Our PV levels appear higher than they actually are due to the shipping dynamics. The chart below compares your analysis vs. analysis assuming 50% of the volume is shipped in from outside Regions.

| | August - NESA PV Analysis | | | | August - Volume Adjusted Analysis | | | |
|---|---|---|---|---|---|---|---|---|
| | Volume (M's) | PV | AFV/ CTN. | Face Value | * Volume (M's) | PV | AFV/ CTN. | Face Value |
| Camel | 156 | 78.21% | $2.00 | $1,221.00 | 312 | 39% | $2.00 | $1,221.00 |
| Winston | 432 | 67.36% | $2.09 | $3,037.00 | 864 | 34% | $2.09 | $3,037.00 |
| Salem | 324 | 44.44% | $1.94 | $1,397.00 | 648 | 22% | $1.97 | $1,397.00 |
| Doral | 1488 | 39.58% | $1.15 | $3,386.00 | 2976 | 20% | $1.15 | $3,386.00 |

*assumes 50% volume is being shipped in from outside the Region

While our PV levels using the adjusted method are somewhat off our 30%/80% (Doral) PV targets, they line up closer to our objectives. Our 20% PV level on Doral is of concern to me.

In early April, I sent our a spreadsheet to all military responsible personnel suggesting the number of cartons to promote monthly by location. The methodology took into consideration SIS volume, Region Marlin share and the percent of business we wanted to promote. I've e-mailed you a file for your review.

I recently analyzed our execution vs. plan for the period May through July, as well as measuring August execution. Results were as follows:

| | August vs. Plan | | | May, June, July vs. Plan | | |
|---|---|---|---|---|---|---|
| | *Approx. cartons sold in Aug. | Actual cartons promoted | PV | *Approx. cartons sold in Qtr. | Actual cartons promoted | PV |
| Camel | 3,080 | 610 | 20% | 9,240 | 1,529 | 17% |
| Winston | 5,390 | 1,453 | 27% | 16,170 | 4,213 | 26% |
| Salem | 3,260 | 1,720 | 53% | 9,780 | 2,558 | 26% |
| Doral | 13,650 | 2,994 | 22% | 40,958 | 8,100 | 20% |

* Based on Buffalo Region spreadsheet methodology

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Source: https://www.industrydocuments.ucsf.edu/docs/xzbn0000

Our PV percentage may be off due to inaccurate share information being used, SIS volumes being inaccurate or less than perfect execution, however, I am confident that we are close to executing the proper PV levels vs. target.

This has been sent out to DM's and SR's for review and action. I will be receiving feedback relative to the Doral levels.

We are continuing to use the Region spreadsheet as a guide to determine product levels to promote. The Sales Reps are free to make adjustments as needed, but with the objective of executing the military pricing strategy as written.

Sincerely,

*Fray*

F. V. Natale, RBM

cc: Bill Roth

*culipmil.doc/970922/FVN:lkb*

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